

FACT SHEET

SUBJECT: Industrial Prime Vendor (IPV) Initiative

BACKGROUND:

- The IPV initiative is an acquisition strategy for integrated logistics solutions for consumable items used in the overhaul, repair and maintenance of weapons systems which are normally stocked at or near the point of use, sometimes referred to as benchstock. Benchstock is comprised of commercial items, such as: o-rings, bolts, screws, nuts, washers, seals, couplings, and rivets. The purpose of this initiative is to demonstrate a guaranteed warfighter surge and sustainment capability at the lowest infrastructure cost.

DISCUSSION:

- Contracts are awarded to firms who demonstrate total logistics approaches to providing supplies, supply chain management and anticipatory services to include technical and engineering support, forecasting and configuration management.
- The projected outcomes associated with this initiative are:
 - Reliable direct industry surge and sustainment for military customers during times of industrial mobilization.
 - A reduction in total logistics costs.
 - A reduction in time for customers to accomplish their overhaul and maintenance mission.
 - A reduction in support and supply infrastructure costs.
 - A reduction in inventory-related burdens.
- Customer identified items are supplied by the vendor to the customers' designated delivery sites. The number and types of items are based on individual installation requirements. Customers can expect competitive pricing. The contract also requires the contractor to provide customer service representatives and technical experts who will provide expedited problem resolution, technical support and advisement regarding new items, compatible substitutions, alternatives and ordering assistance.
- IPV strategy is to initially award prototype contracts with major industrial and operational customers for proof of concept and ultimately provide worldwide support through consolidated acquisitions.

- IPV has been implemented at Naval Aviation Depots (NADEPs) at North Island, CA (July 1998) and Cherry Point, NC (August 1998). The contractor, Raytheon, in response to actual parts usage, filled the customers' Pre-Expend Bins (PEB) with a 99.8% just in time (JIT) fill rate. In addition, customer satisfaction is 92% at both sites. The spot buy feature of the contract has provided timely support for unanticipated requirements. Other PV initiatives at Camp Pendelton and Camp Lejeune (January 1999) and Okinawa (March 1999) were awarded to TNT Logistics and are operational with assessments of performance being completed. Contracts for the Marine Corp Logistic Bases in Albany and Barstow (October 1999) and Army Depots Anniston and Red River (January 2000) were recently awarded and are proceeding with implementation.
- The ALC contract for Ogden ALC, UT; Oklahoma City ALC, OK; and Warner-Robins ALC, GA, was issued to Science Applications International Corporation (SAIC) on January 24, 2000. Site activation meetings will be concluded by March 2000. SAIC has offices in the three ALC cities. They will manage overall support from their offices in Warner-Robins GA.

RECOMMENDATION: For information only.

APPROVED: General and Industrial Director

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